

ANN BAVENDER\*  
ANNE GOODWIN CRUMP  
VINCENT J. CURTIS JR.  
PAUL J. FELDMAN  
RICHARD HILDRETH  
FRANK R. JAZZO  
ANDREW S. KERSTING  
EUGENE M. LAWSON JR.  
SUSAN A. MARSHALL\*  
HARRY C. MARTIN  
GEORGE PETRUTSAS  
RAYMOND J. QUIANZON  
LEONARD R. RAISH  
JAMES P. RILEY  
ALISON J. SHAPIRO  
KATHLEEN VICTORY  
JENNIFER DINE WAGNER\*  
HOWARD M. WEISS  
\*NOT ADMITTED IN VIRGINIA

FLETCHER, HEALD & HILDRETH, P.L.C.

ATTORNEYS AT LAW

11th FLOOR, 1300 NORTH 17th STREET

ARLINGTON, VIRGINIA 22209-3801

(703) 812-0400

TELECOPIER

(703) 812-0486

INTERNET

www.fhh-telcomlaw.com

FRANK U. FLETCHER  
(1939-1985)  
ROBERT L. HEALD  
(1956-1983)  
PAUL D.P. SPEARMAN  
(1936-1962)  
FRANK ROBERSON  
(1936-1961)  
RUSSELL ROWELL  
(1948-1977)  
EDWARD F. KENEHAN  
(1960-1978)

CONSULTANT FOR INTERNATIONAL AND  
INTERGOVERNMENTAL AFFAIRS  
SHELDON J. KRYS  
U. S. AMBASSADOR (ret.)

OF COUNSEL  
EDWARD A. CAINE\*  
MITCHELL LAZARUS\*  
EDWARD S. O'NEILL\*  
JOHN JOSEPH SMITH

WRITER'S DIRECT

August 14, 2000

(703) 812-0403

feldman@fhh-telcomlaw.com

**BY HAND**

Magalie Roman Salas, Esquire  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> Street, SW, Room TWB204  
Washington, D.C. 20554

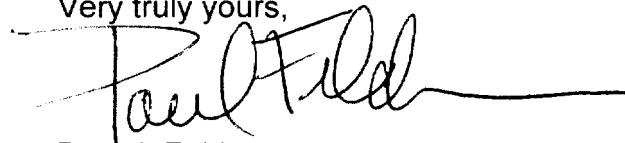
Re: **CC Docket No. 96-45**  
**Comments of Roseville Telephone Company**

Dear Ms. Salas:

Transmitted herewith on behalf of Roseville Telephone Company are an original and four copies of its Comments in response to the Commission's *Public Notice* in the above-captioned proceeding (DA00-1536, released July 11, 2000).

Should there be any questions with respect to this matter, please communicate directly with the undersigned.

Very truly yours,



Paul J. Feldman

Counsel for Roseville Telephone Company

PJF:jpg  
Enclosure

cc: Ms. Sheryl Todd (FCC Room 5-B540  
Accounting Policy Div., CCB  
Mr. Jack Day  
Mr. Glenn Brown  
ITS

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WASHINGTON, D.C. 20554

In the Matter of )  
 )  
Federal-State Joint Board on ) CC Docket No. 96-45  
Universal Service )

**COMMENTS OF ROSEVILLE TELEPHONE COMPANY**

Roseville Telephone Company ("Roseville") hereby provides its comments in response to the Commission's *Public Notice* in the above-captioned proceeding (DA 00-1536, released July 11, 2000) seeking comments on the *Recommended Decision* released June 30, 2000 by the Federal-State Joint Board on Universal Service ("Joint Board"). In these Comments, Roseville supports the proposal in the *Recommended Decision* that Long Term Support ("LTS") be maintained under the Commission's current rules until the Commission considers appropriate reforms for the LTS program in connection with the pending proceedings for high-cost reform for rural carriers and/or interstate access charge reform for rate-of-return carriers.

In the FCC's new non-rural support mechanism, LTS was included in the elements of the prior mechanism that would be subject to the hold-harmless and phase-out process. Roseville and NECA have stated that this approach is

unwise<sup>1</sup>, and made two major arguments in support of this position. The approach to LTS proposed in the *Recommended Decision* properly reflects both of these arguments.

The first point is that LTS is entirely *interstate* in nature, while the new explicit federal mechanism is designed to cover only costs assigned by the Separations process to the *intrastate* jurisdiction. Interstate costs are specifically removed from the results of the proxy cost model before the amount of explicit federal support is calculated. See, *Recommended Decision* at paragraph 8.

The second reason that LTS should not be included in the hold-harmless and phase-out provisions is that doing so would create unintended negative consequences for the rural carriers. LTS is a component of the NECA Common Line Pool. The elimination of support for the three non-rural carriers that currently receive LTS<sup>2</sup> would result in a shortfall for the Pool that would reduce revenues all of the rural carriers who participate in the Common Line Pool. See, *Recommended Decision* at paragraph 9.

Accordingly, in the *Recommended Decision* the Joint Board proposes that "...LTS be maintained under the current rules until the Commission considers appropriate reforms for the LTS program in connection with the pending proceedings

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<sup>1</sup> Roseville filed a Petition for Reconsideration of the FCC's *Ninth Report and Order* in CC Docket 96-45, and filed comments in response to the *Public Notice* released by the Joint Board on November 3, 1999, which sought comment on "...schedules and procedures for phasing out or eliminating the interim hold-harmless provisions of the Commission's new forward-looking high-cost support mechanism for non-rural carriers".

<sup>2</sup> The three non-rural carriers that receive LTS are Roseville, North State Telephone Company and Puerto Rico Telephone Company.

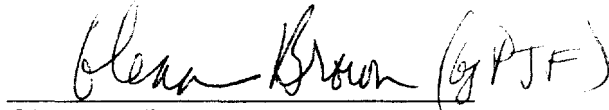
for high-cost reform for rural carriers and/or interstate access charge reform for rate-of-return carriers.” Roseville commends the Joint Board for this well-reasoned recommendation, and encourages the FCC to adopt this modification to its rules and policies regarding LTS.

Respectfully submitted,

ROSEVILLE TELEPHONE COMPANY

A handwritten signature in cursive script, reading "Paul J. Feldman".

Paul J. Feldman, Esq.  
FLETCHER, HEALD & HILDRETH, PLC  
1300 North 17th Street  
11th Floor  
Arlington, Virginia 22209  
(703) 812-0400

A handwritten signature in cursive script, reading "Glenn H. Brown (GPTF)".

Glenn H. Brown  
MCLEAN & BROWN  
9011 East Cedar Waxwing Dr.  
Chandler, Arizona 85248  
(480) 895-0063

August 14, 2000